

Research Summary

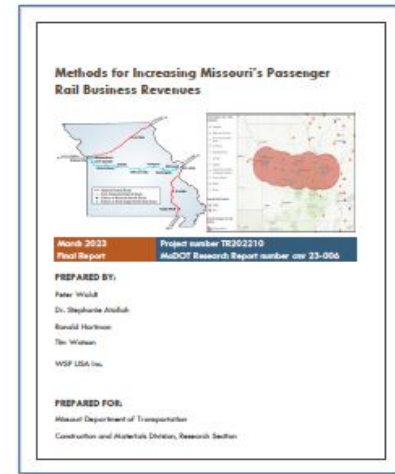
Methods for Increasing Missouri's Passenger Rail Business Revenues

Ridership on the Missouri River Runner has been increasing, but the state's investment and passenger revenue have not historically kept pace with the increased service costs. As stewards of taxpayer dollars, it is imperative MoDOT continuously look for ways to improve external revenues to minimize increases to the taxpayers. This study provides a thorough review and investigation highlighting the most applicable and effective methods for Missouri to grow their passenger rail business revenues.

A comprehensive review was conducted to identify best practices nationally and internationally as well as federal funding programs, including: how other countries fund their passenger rail system, what other businesses or services, similar to Amtrak, have done to increase revenue outside of government funding, given the Missouri River Runner's available assets, what options are available to generate revenue outside of current operating procedures, what are other states with state-supported rail service doing to generate and improve passenger rail revenues, and what are FHWA, FRA, and/or USDOT recommendations and suggestions.

MoDOT has numerous opportunities to enhance revenue:

- Yield management and creative fare schemes: there is opportunity for flexibility and creativity on fare structures and promotions.
- Partnerships with major educational and governmental institutions, commercial, sports, and other attractions in communities served by the rail systems.
- Partnerships with colleges and universities can offer a significant method to increase ridership.
- There are more than 350 attractions found within the corridor ranging from sports stadiums and arenas, biking facilities, art galleries, museums, distilleries and wineries, and a wide variety of lodging businesses, all of which can be viewed as potential promotional partners.
- Marketing and promotional initiatives: MoDOT can take advantage of Amtrak's view that it sees coordinated marketing as key and creates the ability to leverage other states' and service lines' efforts.
- Onboard amenities/food and beverage service.
- While Brightline, Amtrak, international railways and private operating companies generate commercial revenue from station assets, MoDOT does not own any of the stations. Therefore, MoDOT



would need to engage station owners and develop a partnership in which MoDOT has an ability to bring in retail or events and receive a share of the funds it creates. Additional stations could enhance ridership and revenue.

- Asset monetization may be a challenge, given the limited ownership MoDOT has in the River Runner equipment and real estate. MoDOT should consider advocating having the Amtrak section of the station as an eligible recipient of TIF funding.
- Several federal programs such as the Federal Railroad Administration (FRA) Programs and USDOT programs can provide grant opportunities to enhance revenue and ridership. USDOT/FRA provide numerous funding sources that can assist with capital improvements to the right of way, which can lead to greater customer satisfaction and therefore ridership and revenue.

It is recommended that MoDOT assess local assets, partnerships, and industry practices identified in this study and utilize those which it finds most appropriate to enhance revenue.



Figure 1: Map of existing stations along the Missouri River Runner route.

Project Information

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